

## 37 Am. Jur. 2d Fraud and Deceit § 113

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### Fraud and Deceit

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### IV. False Representations

#### F. Intent to Deceive, or to Induce Reliance; Knowledge of Falsity

##### 1. Necessity of Intent

### § 113. Representations made directly or indirectly—Complainant in contemplation of one making indirect representation

[Topic Summary](#) | [Correlation Table](#) | [References](#)

#### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  4

[Real Estate Broker's Liability for Misrepresentation of Income, Earnings, or Profits from Property Sold, 59 Am. Jur. Proof of Facts 3d 511](#)

The principle that false representations made to one party with the intent that another act thereon are actionable in favor of the latter<sup>1</sup> applies where representations made are not specifically intended for the particular person who acts upon them to his or her injury, if such person may be deemed to be within the reasonable contemplation of the party making the false representations and has the right to rely upon them.<sup>2</sup> This principle has been applied so as to give a right of action to a corporation which has acted to its damage upon false representations made to promoters or organizers of the corporation prior to its formation.<sup>3</sup> It has been applied to representations made to a member of a partnership and acted on by the firm even though the representor did not know that the partnership existed,<sup>4</sup> to representations made by an assignor,<sup>5</sup> and to representations made to a husband or wife and acted upon by the other spouse.<sup>6</sup>

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#### Footnotes

<sup>1</sup> § 112.

<sup>2</sup> [Hindman v. First Nat. Bank](#), 112 F. 931 (C.C.A. 6th Cir. 1902).

One who sold a car to a dealer knowing that the title was forged has been held liable to a buyer of the car from the dealer for compensatory and exemplary damages. [Oppenhuizen v. Wennersten](#), 2 Mich. App. 288, 139 N.W.2d 765 (1966).

One who makes a fraudulent misrepresentation intending or with reason to expect that more than one person or class of persons will be induced to rely on it, or that there will be action or inaction in more than one transaction or type of transaction, is subject to liability for pecuniary loss to any one of such persons justifiably relying upon the misrepresentation in any one or more of such transactions. [Restatement Second, Torts § 534](#).

3 [Iowa Economic Heater Co. v. American Economic Heater Co.](#), 32 F. 735 (C.C.N.D. Ill. 1887); [Schoefield Gear & Pulley Co. v. Schofield](#) (State Report Title: [Scholfield Gear & Pulley Co. v. Scholfield](#)), 71 Conn. 1, 40 A. 1046 (1898).

4 [Henry v. Dennis](#), 95 Me. 24, 49 A. 58 (1901).

5 [Johnson v. Sachs](#), 7 A.D.2d 939, 181 N.Y.S.2d 862 (3d Dep't 1959).

6 [Hunter v. McKenzie](#), 197 Cal. 176, 239 P. 1090 (1925).

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